

IC 5-13-10.5

Chapter 10.5. State Investments

IC 5-13-10.5-1

Applicability of chapter

Sec. 1. This chapter applies to the following funds:

- (1) Funds raised by bonds issued for a future specific purpose.
- (2) Sinking funds.
- (3) Depreciation reserve funds.
- (4) Gifts.
- (5) Bequests or endowments.
- (6) Any other funds available for investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-2

Authorization for investment and reinvestment of funds

Sec. 2. In addition to any other statutory power to make investments under any other law:

- (1) the treasurer of state, under the guidelines established by the state board of finance; and
- (2) any other public officer of the state authorized by statute or court order to make investments;

may invest or reinvest funds held by the treasurer of state or other public officer in any combination of the investments authorized under this chapter. In making the investment, the public official shall comply with the requirements in this chapter that apply to the investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-3

Final maturity; percentage of investments outstanding; investment advisers and money managers; investment of money from transportation corridor fund

Sec. 3. (a) Except as provided in subsection (b), investments under this chapter may be made only in securities having a stated final maturity of two (2) years or less from the date of purchase.

(b) The treasurer of state may make investments in securities having a final maturity or redemption date that is more than two (2) years and not more than five (5) years after the date of purchase or subscription. After an investment is made under this subsection, the total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the treasurer of state. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the treasurer of state causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%). The treasurer of state may contract with federally regulated investment advisers and other institutional money managers to make investments under this section. This subsection expires July 1, 2007.

(c) Unless prohibited under federal law, the treasurer of state shall invest under subsection (b) the funds of the transportation corridor fund established by IC 8-4.5-3-7. The treasurer of state may invest other funds held by the state in compliance with subsection (b). This subsection expires July 1, 2007.

As added by P.L.18-1996, SEC.23. Amended by P.L.46-1997, SEC.15; P.L.220-2003, SEC.3.

IC 5-13-10.5-4

Protection of interests of funds

Sec. 4. A public officer making an investment under this chapter may sell any securities acquired and may take any action necessary to protect the interests of the funds invested, including the exercise of exchange privileges that may be granted with respect to maturing securities if the new securities offered in exchange meet the requirements for initial investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-5

Legal custodian; safekeeping receipts

Sec. 5. (a) The treasurer of state is the legal custodian of securities under this chapter. The treasurer of state shall accept safekeeping receipts or other reporting for securities from:

- (1) a duly designated depository as prescribed in this article; or
- (2) a financial institution located either in or out of Indiana having physical custody of securities with a combined capital and surplus of at least ten million dollars (\$10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body.

(b) The state board of accounts may rely on safekeeping receipts or other reporting from any depository or financial institution.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-6

Restrictions on public officers

Sec. 6. A public officer of the state may not do the following:

- (1) Purchase securities on margin.
- (2) Open a securities margin account for the investment of public funds.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-7

Investment in securities; cost in excess of par

Sec. 7. (a) A public officer of the state may invest or reinvest funds held by the officer and available for investment in securities that are:

- (1) backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States; and
- (2) issued by any of the following:
 - (A) The United States Treasury.

- (B) A federal agency.
- (C) A federal instrumentality.
- (D) A federal government sponsored enterprise.

(b) If an investment under subsection (a) is made at a cost in excess of the par value of the securities purchased, any premium paid for the securities shall be deducted from the first interest received and returned to the fund from which the investment was purchased, and only the net amount is considered interest income.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-8

Investment in deposit accounts

Sec. 8. (a) A public officer of the state may invest or reinvest funds held by the officer and available for investment in deposit accounts issued or offered by a designated depository. Investments under this subdivision by the treasurer of state are governed by IC 5-13-10.

(b) Investments in deposit accounts under subsection (a) must be in the amounts, and for the rates and terms, as are agreed upon from time to time by the officer making the investment and the designated depository.

(c) Investments made in accordance with subsection (a) and the interest earned or accrued on them are public funds and are covered by the insurance fund.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-9

Investment in repurchase or resale agreements; collateral

Sec. 9. (a) A public officer of the state may invest any funds held by the officer and available for investment into agreements, commonly known as repurchase or resale agreements with depositories designated by the state board of finance as depositories for state deposits, involving the purchase and guaranteed resale of any interest-bearing obligations that are:

- (1) issued; or
- (2) fully insured or guaranteed;

by the United States, any United States government agency, any instrumentality of the United States government, or any federal government sponsored enterprise. The amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day on which a transaction is effective.

(b) The collateral for the type of agreement described in subsection (a) is not subject to the maturity limitation in section 3 of this chapter.

As added by P.L.18-1996, SEC.23. Amended by P.L.46-1997, SEC.16; P.L.134-2000, SEC.2.

IC 5-13-10.5-10

Investment in obligations issued; assumed or guaranteed by certain

banks or State of Israel

Sec. 10. A public officer of the state may invest or reinvest funds that are held by the public officer and available for investment in obligations issued, assumed, or guaranteed as to the payment of principal and interest by:

- (1) the International Bank for Reconstruction and Redevelopment;
- (2) the African Development Bank; or
- (3) the State of Israel.

As added by P.L.18-1996, SEC.23. Amended by P.L.220-2003, SEC.4.

IC 5-13-10.5-11

Investment in other obligations

Sec. 11. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in obligations issued by any of the following:

- (1) Agencies or instrumentalities of the United States government.
- (2) Federal government sponsored enterprises.
- (3) The Indiana bond bank, if the obligations are secured by tax anticipation time warrants or notes that:
 - (A) are issued by a political subdivision (as defined in IC 36-1-2-13); and
 - (B) have a maturity date not later than the end of the calendar year following the year of issuance.

As added by P.L.18-1996, SEC.23. Amended by P.L.1-2004, SEC.2 and P.L.23-2004, SEC.2.

IC 5-13-10.5-11.5

Treasurer of state may invest

Sec. 11.5. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in commercial paper rated in the highest rating category by one (1) nationally recognized rating service and with a stated final maturity of two hundred seventy (270) days or less from the date of purchase.

As added by P.L.220-2003, SEC.5.

IC 5-13-10.5-12

Investment in participations in loans

Sec. 12. (a) The treasurer of state may invest or reinvest any funds that are held by the treasurer and available for investment, in participations in loans. However, funds may be invested or reinvested in a participation in loans under this subsection only under the following conditions:

- (1) The principal of the participation in loans must be guaranteed by an agency or instrumentality of the United States government.
- (2) The participation in loans must be represented by a certificate issued by a bank that is:

(A) incorporated under the laws of Indiana, another state, or the United States; and

(B) insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation.

(b) Funds may be invested or reinvested in a participation in loans under subsection (a) even if the certificate representing the participation in loans is not insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-13

Lending securities

Sec. 13. The treasurer of state may lend any securities acquired under section 7 or 11 of this chapter. However, securities may be lent under this section only if the agreement under which the securities are lent is collateralized by:

(1) cash; or

(2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise;

in excess of the total market value of the loaned securities.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-14

Designation of fund

Sec. 14. The board of trustees of a state university may designate the fund to which the interest of its investments shall be receipted.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-15

Public depository insurance assessment

Sec. 15. Any public depository insurance assessment paid by a depository on any deposit account of the state under IC 5-13-12-5 shall be deducted from the interest otherwise payable on that account.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-16

Interest from investments

Sec. 16. Interest from the investment of the public funds of the state may not be paid personally or for the benefit of any public officer.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-17

Service charge

Sec. 17. Any public officer of the state that makes a deposit in any deposit or other account may be required to pay a service charge to the depository in which the funds are deposited, if the depository

requires all customers to pay the charge for providing that service. If the total service charge cannot be computed before the investment, the investing officer of the state shall estimate the service charge and adjust the interest rate based on this estimate. The service charge may be paid by direct charge to the deposit or other account or in any other manner mutually agreed upon by the investing officer and the depository.

As added by P.L.18-1996, SEC.23.